



1850 M Street, N.W., 11th Floor  
Washington, D.C. 20036  
Telephone: (202) 828-7453

ORIGINAL  
FILE ✓

Jay C. Keithley  
Vice President  
Law and External Affairs  
United Telephone Companies

June 15, 1992

RECEIVED

JUN 15 1992

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

RE: In the Matter of Local Exchange Carrier Line Information Database  
CC Docket No. 92-24

Dear Ms. Searcy,

Attached are the original and seven copies of the Reply Comments of the United Telephone Companies in the proceeding referenced above.

Sincerely,

Jay C. Keithley  
Vice President  
Law and External Affairs

Attachments

JCK/mlm

No. of Copies rec'd  
List A B C D E

0 + 7

RECEIVED

JUN 15 1992

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of: )  
 )  
Local Exchange Carrier ) CC Docket No. 92-24  
Line Information Database )

**REPLY COMMENTS OF THE  
UNITED TELEPHONE COMPANIES**

The United Telephone companies ("United") hereby reply to the Comments filed in this proceeding on United's April 21, 1992 direct case. The Comments, for the most part, merely restate positions previously raised in response to the tariff filing and fail to establish that United's LIDB tariff is deficient in any respect.

**CompTel and ITI**

The Competitive Telecommunications Association ("CompTel") and International Telecharge, Inc. ("ITI") do raise one new issue. Both offer their description of the Mutual Honoring Agreements ("MHA") that AT&T and numerous LECs have entered into with regard to honoring calling cards. CompTel and ITI describe the MHAs as benefiting only AT&T and as the means under which AT&T purchases LIDB validation services from the LECs. They assert that since the LEC assumes fraud liability under the MHA for calls associated with the LEC calling card, but refuse to assume fraud liability in the LIDB tariffs, the LECs are unlawfully discriminating against the non-AT&T IXC's. CompTel

goes even further and makes the unsubstantiated accusation that the LECs are recovering the cost of assuming fraud liability under the MHA from all LIDB customers, except AT&T, through the LIDB tariff. All of these assertions are unfounded. In particular, United is not recovering any costs associated with the MHA through the LIDB tariff.<sup>1</sup>

ITI and CompTel's assertions appear to be premised on a gross misunderstanding of the MHA and their argument is a blatant misrepresentation of the MHAs. In order to support their positions, ITI and CompTel have picked bits and pieces from AT&T's description of the MHA and have created an inaccurate and misleading description of the MHA.<sup>2</sup>

United realizes that the name of many agreements does not necessarily provide an accurate description of the agreement. However, as regards the MHAs, the name provides an accurate description with the key word being "Mutual." CompTel and ITI describe the MHA as one-sided with all benefits flowing to AT&T

---

1. United has not included the costs of fraud liability in its LIDB price and agrees with the statement of several BOCs that if some fraud liability is to be assumed under the LIDB tariff then the price of LIDB service will require adjustment to accomodate these costs.

2. See, In the Matter of AT&T Communications Revisions to Tariff F.C.C. No. 1, DA 91-1583, AT&T's Direct Case, January 30, 1992 wherein AT&T describes the MHAs.

arrangement that establishes terms for reciprocal card honoring, reciprocal purchase of receivables, and reciprocal fraud responsibility with respect to the receivables purchased. Any cost to United associated with the MHA have been accounted for by United as part of the financial arrangement with AT&T under the MHA. None of the MHA costs are being recovered under United's LIDB tariff.

Finally, United has been and is willing to enter into a similar Mutual Honoring Agreement for calling cards with other IXCs.<sup>5</sup> To date, no IXC has approached United with a request for such an agreement.

#### MCI

MCI objects to the LIDB tariff because the tariff purportedly does not accurately describe the service being offered and because the price for the service is too high. As to the former, MCI objects because the LECs do not assume fraud liability in the tariff, purportedly do not provide performance levels, and do not accurately describe the technical parameters of the service. As to the latter, MCI argues that LIDB should be

---

5. Indeed, pursuant to the Commission's Order in In the Matter of Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, CC Docket No. 91-115, Report and Order and Request for Supplemental Comment, FCC 92-168, released May 8, 1992 at para. 36, when a LEC enters into an agreement with one IXC to accept its calling card for LEC services and query that IXC's database to validate that IXC's card, it must do so on a nondiscriminatory basis with other IXCs that request such an agreement.

and all obligations being borne by the LEC. In fact, and as has already been described by AT&T in its public filing,<sup>3</sup> the MHA is mutual; it establishes reciprocal benefits and obligations.

Under the MHA, AT&T agrees to accept LEC calling cards for calls made on the AT&T network. The LEC agrees to purchase the receivables generated by calls placed with the LEC calling card from AT&T. The LEC then bills the end user for the call. Provided AT&T validates the calling card, each time it is used, in the LEC LIDB prior to accepting the calling card, the LEC assumes fraud liability associated with the call made with the LEC calling card.

Likewise, the LEC agrees to accept AT&T calling cards for calls placed on the LEC network. AT&T agrees to purchase the receivables generated by calls placed with the AT&T calling card from the LEC. AT&T then bills the end user for the call. Provided the LEC validates the calling card, each time it is used, in the AT&T calling card data base prior to accepting the calling card, AT&T assumes fraud liability associated with the call made with the AT&T calling card.

Contrary to the implication both CompTel and ITI raise, the MHA is not a substitute for purchasing LIDB validation services under United's LIDB tariff.<sup>4</sup> The MHA is a reciprocal business

---

3. Id.

4. In fact, as of today, AT&T is the only IXC directly purchasing LIDB validation service under the tariff.

arrangement that establishes terms for reciprocal card honoring, reciprocal purchase of receivables, and reciprocal fraud responsibility with respect to the receivables purchased. Any cost to United associated with the MHA have been accounted for by United as part of the financial arrangement with AT&T under the MHA. None of the MHA costs are being recovered under United's LIDB tariff.

Finally, United has been and is willing to enter into a similar Mutual Honoring Agreement for calling cards with other IXCs.<sup>5</sup> To date, no IXC has approached United with a request for such an agreement.

#### MCI

MCI objects to the LIDB tariff because the tariff purportedly does not accurately describe the service being offered and because the price for the service is too high. As to the former, MCI objects because the LECs do not assume fraud liability in the tariff, purportedly do not provide performance levels, and do not accurately describe the technical parameters of the service. As to the latter, MCI argues that LIDB should be

---

5. Indeed, pursuant to the Commission's Order in In the Matter of Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, CC Docket No. 91-115, Report and Order and Request for Supplemental Comment, FCC 92-168, released May 8, 1992 at para. 36, when a LEC enters into an agreement with one IXC to accept its calling card for LEC services and query that IXC's database to validate that IXC's card, it must do so on a nondiscriminatory basis with other IXCs that request such an agreement.

nonchargeable, but if not, then the prices are too high and not supported.

MCI has previously raised these same arguments.<sup>6</sup> United has twice responded to these arguments.<sup>7</sup> United's previous responses respond completely to MCI's objections and United will not burden the record by repeating its prior responses. However, there are issues in the MCI Comments that require some discussion.

In large part, MCI grounds its request for more specific tariff language on the basis that: "...their actual performance under the LIDB tariffs has been so poor, it is clear that more specific LIDB requirements must be tariffed."<sup>8</sup> United has absolutely no idea to what "poor performance" MCI is referring.

MCI does not purchase LIDB Validation Services directly from United, but chooses to send its queries to United through the services of a hubber. It began to send queries through the hubber on or about March 22, 1992, or approximately two and

---

6. In the Matter of United Telephone System Tariff FCC No. 5, Transmittal No. 287, MCI's Petition to Reject or, in the Alternative, Suspend and Investigate United's Transmittal No. 287, Tariff FCC No. 5, filed November 27, 1991.

7. See, In the Matter of United Telephone System Tariff FCC No. 5, Transmittal No. 287, Reply to MCI's Petition to Reject, or in the Alternative, Suspend and Investigate, filed December 9, 1991 and In the Matter of Local Exchange Carrier Line Information Database, CC Docket No. 92-24, Direct Case of the United Telephone Companies, filed April 21, 1992.

8. MCI Comments at p. 7.

one-half months prior to filing its Comments in this proceeding. United has been unable to discover any evidence of complaints from MCI or MCI's hubber that United's LIDB is performing poorly. Perhaps MCI has had bad experience with other LIDB providers,<sup>9</sup> but even if true that would not justify complaints about United.


Finally, United has had preliminary discussions with MCI with regard to fraud liability and fraud prevention. United has indicated to MCI that it is willing to continue these discussions and work with MCI toward some agreeable arrangement.

#### CONCLUSION

United's LIDB tariff should be accepted as filed. It accurately and sufficiently describes the service being offered and, in conformance with the Commission's price cap rules, fully describes the costs utilized to derive the price.

Respectfully submitted,

UNITED TELEPHONE COMPANIES

By   
JAY C. KEITHLEY  
1850 M Street, N.W.  
Suite 1100  
Washington, DC 20036  
(202) 857-1030

CRAIG T. SMITH  
P.O. Box 11315  
Kansas City, MO 64112  
(913) 624-3065

June 15, 1992

---

9. Although none are specifically referenced in their Comments.



**CERTIFICATE OF SERVICE**

I, Melinda L. Mills, hereby certify that I have on this 15th day of June, 1992, sent via hand delivery a copy of the foregoing "Reply Comments of the United Telephone Companies", In the Matter of Local Exchange Carrier Line Information Database, CC Docket No. 92-24 filed this date with the Secretary, Federal Communications Commission, to the persons listed below.

  
Melinda L. Mills

Tariff Division  
Federal Communications Commission  
Room 518  
1919 M Street, N.W.  
Washington, D.C. 20554

Downtown Copy Center  
Room 246  
1919 M Street, N.W.  
Washington, D.C. 20554

Roy L. Morris  
Deputy General Counsel  
Allnet Communication Services, Inc.  
1990 M Street, N.W.  
Suite 500  
Washington, D.C. 20036

Gregory Casey  
Jane A. Fisher  
International Telecharge, Inc.  
6707 Democracy Blvd.  
Bethesda, MD 20817

Richard E. Wiley  
Robert J. Butler  
Wiley, Rein & Fielding  
1776 K Street, N.W.  
Washington, D.C. 20006  
Counsel for Competitive Telecommunications  
Association

Genevieve Morelli  
Heather B. Gold  
Competitive Telecommunications Assoc.  
1140 Connecticut Avenue, N.W.  
Suite 220  
Washington, D.C. 20036

Andrew L. Regitsky  
MCI Telecommunications Corporation  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

Richard Juhnke\*  
Marybeth M. Banks  
Sprint Corporation  
1850 M Street, N.W.  
Suite 1100  
Washington, D.C. 20036

\* Hand Delivery